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**EFFECT OF IFRS ADOPTION AND CORPORATE  
GOVERNANCE PRACTICES ON PERFORMANCE: A STUDY  
ON LISTED COMPANIES IN DUBAI**

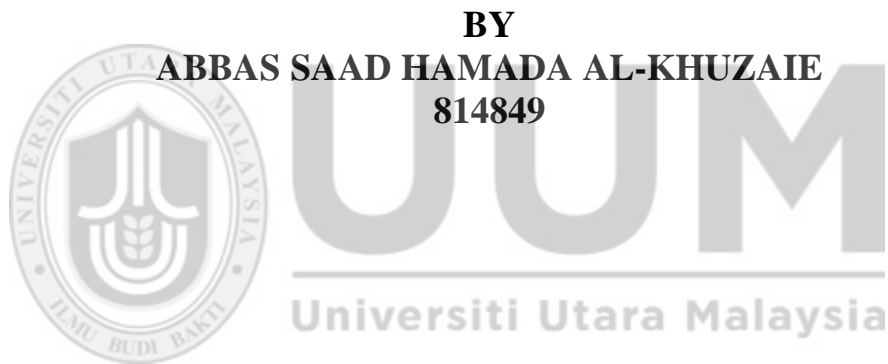


**MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)**

**UNIVERSITI UTARA MALAYSIA**

**JUNE 2016**

**EFFECT OF IFRS ADOPTION AND CORPORATE GOVERNANCE  
PRACTICES ON PERFORMANCE: A STUDY ON LISTED COMPANIES  
IN DUBAI**



**Thesis submitted to**  
**Othman Yeop Abdullah Graduate School of Business**  
**Universiti Utara Malaysia**  
**In Fulfillment of the Requirement for the Master of Science**  
**(International Accounting)**

## **DECLARATION**

I hereby certify that the substance of this thesis has not been already submitted to any degree and is not currently being submitted for any other qualification.

I certify that any assistance received in preparing this thesis and all sources used have been acknowledged and referenced in this thesis.



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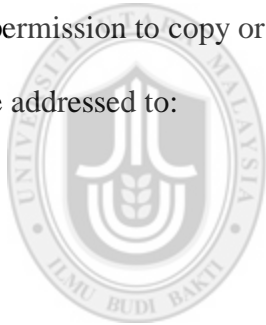
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## Abstract

This study has been conducted on the financial market of Dubai. The purpose of the study is to understand the effect of IFRS adoption along with corporate governance characteristics over the financial performance of listed companies in Dubai. The study has taken return on assets as the measurement of performance, while IFRS adoption, board independence, board size, and audit quality as the measurement of CG. Firm size and leverage have been taken as control variables. The data has been collected from the annual reports and websites of the companies. Regression analysis is employed to understand the effect of each independent variable on performance. The study has identified that IFRS adoption; board independence, board size, and audit quality have a significant effect over financial performance of companies listed in Dubai stock market. The major contribution of the study is the combined effect of variables, as in the available literature all these variables have not yet been studied collectively.

**KEY WORDS:** IFRS, Corporate governance, Board of director committees, Firm size and ROA.

## **Abstrak**

Kajian ini telah dijalankan ke atas pasaran kewangan Dubai. Tujuan kajian ini adalah untuk memahami kesan penggunaan IFRS bersama-sama dengan ciri-ciri tadbir urus korporat terhadap prestasi kewangan syarikat yang tersenarai di Dubai. Kajian ini telah mengambil pulangan atas aset sebagai pengukuran prestasi, manakala penggunaan IFRS, kebebasan lembaga pengarah, saiz lembaga pengarah, dan kualiti audit sebagai pengukuran tadbir urus korporat. Saiz firma dan leveraj telah diambil sebagai pembolehubah kawalan. Sumber data diperolehi daripada laporan tahunan dan laman web syarikat. Analisis regresi digunakan untuk memahami kesan setiap pembolehubah bebas ke atas prestasi. Kajian ini telah mengenalpasti bahawa penggunaan IFRS, kebebasan lembaga pengarah, saiz lembaga pengarah, dan kualiti audit mempunyai kesan yang signifikan ke atas prestasi kewangan syarikat yang tersenarai di pasaran saham Dubai. Sumbangan utama kajian ini adalah kesan gabungan pembolehubah kerana kesemua pembolehubah ini belum dikaji secara kolektif sebelum ini.

Kata kunci: Standard Kewangan dan pelaporan antarabangsa, tadbir urus korporat, jawatankuasa lembaga pengarah, saiz firma, pulangan atas aset

## DEDICATION

*Every challenging work needs self-efforts as well as guidance and support*

*of others, especially those who are very close to our heart.*

*Therefore, I dedicate this humble work*

*To my sweet and beloved*

## FAMILY

*Whose love, support, and pray of day and night for making me able to reach such success.*

*To my lovely homeland*

## IRAQ

*Which opening my eyes to this world. I hope it will get the peace soon.*

*To the marvelous land*

## MALAYSIA

*Which granted me the opportunity to complete my study.*



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Sincerely,

ABBAS SAAD HAMADA AL-KHUZIE

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

In the recent years, a trend has emerged within accounting literature related to the term ‘value-relevance’ (Dechow, 1994; Costello & Wittenberg-Moerman, 2010; Alali & Foote, 2012; Wang & Hussainey, 2013). Researchers have begun to consider the pragmatic association between particular accounting numbers and the stock markets. From the perspectives of information economics, accounting and financial reporting, it can be seen that value-relevance as being significant to efficient performance. This investor-oriented information has attracted the bodies that are responsible for standard setting, such as the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB). These standard setting bodies have explicitly mentioned that the core reason behind accounting standards is to meet the requirements of financial markets (Nichols, Street & Cereola, 2012). As a result, the relationship among stock markets and accounting practices gained considerable attention.

Investors and the government institutions all are the users of financial statements. All have different interests regarding the financial position and the performance of companies (Aaker & Jacobson, 1994). For estimation of tax liability over the profit the government, need the financial statements of the companies. Another interest of the authorities is regarding assurance of implementation of laws and regulations that are designed for the same purpose. The banks and other financial institutions to check the liquidity position of the companies for granting and extending credit facilities, demand financial statements. On the other hand, investors require

The contents of  
the thesis is for  
internal user  
only

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